

Terms of Reference:

Study of Child Labour & Child Rights in the Operations Abroad of Canadian Garment Companies

1. Project Title

Study on the respect for children's rights and the risk of child labor in the operations and foreign supply chains of Canadian apparel companies.

2. Purpose

The Canadian Ombudsman for Responsible Business Conduct (CORE) will study the efforts of Canadian apparel companies (excluding footwear) to strengthen respect for children's rights; in particular, by addressing the risk of child labour in their overseas operations and supply chains. The study will identify Canadian successes, emerging and best practices, assess risks and impacts, and explore the challenges of ensuring transparency and human rights due diligence ("HRDD") in the apparel supply chain.

3. Background

The July 1, 2020 amendments to [Canada's customs tariffs](#) prohibit the importation of goods produced in whole or in part by forced labor. The United *States-Mexico-Canada Enforcement Act* ([CUSMA](#)) provides the basis for the prohibition on the importation into Canada of goods extracted, manufactured or produced by forced labor.

[Bill S-211](#), introduced in the Senate in November 2021, proposes to enact the *Combating Forced and Child Labor in Supply Chains Act* and to modify the Customs Tariff. It would impose an obligation on certain government and private sector entities to report annually on their measures to prevent and reduce the risk of forced or child labor occurring at any stage of the production of goods manufactured domestically, abroad, or for goods they import.

There are currently no mandatory HRDD standards in Canada.

Canada's efforts to address child labor coincide with 2020 global estimates that 160 million children - 63 million girls and 97 million boys - were child laborers, accounting for 1 in 10 children worldwide. For the first time in 20 years, there was a significant increase in child labor, with children between the ages of five and 11 accounting for more than half of the [160 million](#) child laborers. Seventy-nine million children - aged five to seventeen - are engaged in hazardous work (work that may harm their health, safety or morals), an increase of 6.5 million since 2016.

The apparel supply chain has a high risk of child labour, and Canadian apparel companies face challenges in ensuring transparency in their supply chains. These challenges have particular dimensions for Canadian small and medium-sized enterprises (SMEs) that may lack the capacity or resources to address the impacts that their overseas operations could have on human rights, including children's rights.

4. Objectives

The study will examine whether and how Canadian apparel companies address the risk of child labor and ensure respect for children's rights in their overseas operations and supply chains, including by integrating child rights impact assessment (CRIA) into HRDD. The study will do the following:

4.1 Identify transparency-related challenges and opportunities for Canadian apparel companies in their overseas operations, including their supply chain(s):

- **Raw material production** - The activities involved in the production of the raw materials for textiles (e.g., cotton cultivation, cattle breeding for leather or polyester production).
- **Textile production** - Activities related to the processing of raw materials, production of natural and synthetic fibers, color treatment, yarn production or weaving.
- **Garment production** - Activities related to the making of garments (e.g., sewing).

4.2 Obtain data that will help Canadian apparel companies, civil society and government assess improvements in strengthening respect for children's rights in the operations and overseas supply chains of Canadian apparel companies in the coming years, including:

- Methods of age verification;
- Development and implementation of supplier codes of conduct;
- Promotion of children's rights in the places where they operate;
- Child labor and children's rights training for management and staff;
- Methods for conducting unannounced or random audits or inspections, or facility impact assessments;
- Use of tools to give workers a voice;
- Supply chain tracking technologies;
- Initiatives, policies, wages and work practices for working parents or caregivers, women and children under 18; and

4.3 Serve as a resource for Canadian apparel companies, policy makers and legislators seeking to strengthen or implement HRDD and other measures related to children's rights, including child labor in overseas operations and supply chains.

5. Key Research Topics

Key research topics include the following:

- How are Canadian apparel companies building their awareness and capacity to track and address the risk of child labor in their supply chains?
- How are Canadian apparel companies changing the way they operate overseas in response to child labor laws, guidance and initiatives?
- How are Canadian apparel companies implementing human rights and children's rights due diligence with respect to child labor in their overseas operations and supply chains, and what challenges and obstacles are they facing?
- What are the best practices and successes of Canadian apparel companies in addressing child labor and respecting children's rights in their overseas operations and supply chains?

6. Methodology

6.1 Interviews with Canadian apparel companies

Nanos Research will lead the data collection by conducting confidential interviews with fifteen Canadian apparel companies with operations that include overseas supply chains. Nanos Research will select participants from a list of Canadian apparel companies operating overseas developed by CORE through public sources.

Each interview will be conducted in English or French and will last approximately 30-45 minutes. Nanos Research will not disclose to CORE or the study's technical experts (The Centre for Child Rights and Business and the Danish Institute for Human Rights) the identity of any company participating in the interviews without the participant's consent. Data collected through the interviews will be reported in aggregate form.

Nanos Research will consider the following factors when selecting participants:

- Annual income;
- Number of employees;
- Connection to one or more levels of apparel production outside of Canada, including through subcontracting (noted above in section 4.1);
- Region of operation(s): companies operating in more than one country and/or region will receive additional consideration;
- Production level (noted above in section 4.1);
- Staff composition: Priority will be given to companies operating within or dependent on high immigration populations;
- Nature of ownership, management or control of production; and
- Contracting authority (direct contracting or subcontracting) and supplier diversity.

Nanos Research will be responsible for the following:

- Design and implement the study;
- Elaborate interview questions;
- Report data collected in aggregate form.

6.2 Interviews with Canadian and international civil society organizations

CORE will conduct interviews with at least five civil society organizations working in:

- Business and human rights
- Children's rights/child labor
- Forced labor
- Labor rights
- Supply chain transparency
- HRDD

These semi-structured interviews will take place virtually and will be based on a brief questionnaire.

7. Specialized technical knowledge

The Centre for Child Rights and Business (The Centre) and the Danish Institute for Human Rights (DIHR) (together, the "Technical Experts") will provide expert review, analysis and advice in relation to:

- Preparation and conduct of the study;
 - Key terms, principles, terminology and interview questions;
 - The apparel supply chain and measures to promote transparency;
 - The use of CRIA in the application of HRDD;
 - Qualitative analysis of data collected through interviews and other relevant information.
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8. Final Report

CORE will publish a final report with a qualitative and quantitative analysis of the data collected through the interviews and make systemic recommendations aimed at strengthening respect for children's rights and addressing the risk of child labour in the Canadian garment sector's operations and overseas supply chains.

9. Second phase

Based on the initial results, CORE could launch a second phase of the study. The second phase would involve working directly with a small number of Canadian companies to strengthen tracking and HRDD with respect to the use of child labor in their overseas operations, including the supply chain(s). CORE will consult with Canadian civil society organizations and the Canadian Apparel Federation on the proposed objectives and methodology if proceeding to the second phase.

10. Calendar

- Interviews of Canadian garment companies and civil society organizations will take place in the first half of 2022;
- The CORE will publish its report within three months of the conclusion of the interviews.